

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 80 – SB 1411

March 1, 2017

SUMMARY OF BILL: Creates the *Tennessee Minimum Wage Act* that establishes an hourly minimum wage in Tennessee for employers as defined by the bill. Defines employer to include an individual, partnership, association, corporation, business trust, legal representative, or organized group of people not involved in interstate commerce acting in the interest of an employer in relation to an employee.

Establishes a minimum wage of \$15.00 per hour as of July 1, 2017; establishes a minimum wage of \$4.74 per hour for employees in the hotel, motel, tourist, and restaurant industries who customarily and regularly receive more than \$30.00 a month in tips; and establishes a minimum wage of \$6.15 per hour for employees who are compensated by way of gratuities, provided the sum of wages and gratuities received by the person shall equal or exceed the minimum wage rate established by the bill.

Requires the Department of Labor and Workforce Development (DLWD) to promulgate rules to effectuate the purposes of this bill for consistency with the federal Fair Labor Standards Act of 1938 and to cooperate to the fullest extent with the Administrator of the Wage and Hour Division of the U.S. Department of Labor.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The Department of Human Resources (DOHR) reports that the bill has no impact on DOHR or state employees and only encompasses private employers.
- Based on the information provided by DLWD, any increase in state expenditures for the Department to cooperate to the fullest extent with the Administrator of the Wage and Hour Division of the U.S. Department of Labor, and promulgate rules to effectuate the purposes of this bill for consistency with the federal Fair Labor Standards Act of 1938, is estimated to be not significant.
- Based on a 2011 article in the Employee Rights and Employment Policy Journal entitled "Enforcement of State Minimum Wage and Overtime Laws: Resources, Procedures, And Outcomes," the states of Georgia and Texas use the private right of action to enforce their state minimum wages.

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- The provisions of the bill do not specifically require DLWD to enforce or investigate minimum wage violations.
- For purposes of the fiscal note, it is assumed the private right of action, much in the same manner as Georgia and Texas, will be the enforcement mechanism for the provisions of the bill.
- Based on information provided by the Administrative Office of the Courts, any increase in the number of court cases can be accommodated within existing resources without an additional appropriation or a reduced reversion.
- The language of the bill includes a private right of action; therefore, any other fiscal impact to this bill will occur between private parties.

IMPACT TO COMMERCE:

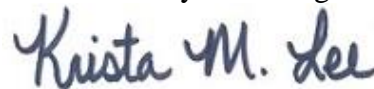
Other Commerce Impact – Potential increased wage expenditures and potential reductions in work force or work hours for employees of private businesses. The extent of any such changes cannot be determined for such impacts are dependent upon multiple unknown factors.

Assumption:

- This bill could increase wage expenditures for private businesses. Any such impact is dependent upon several unknown factors, including but not limited to, the number of private businesses that currently pay employees less than minimum wage as defined by the bill, the extent to which any such employer is paying less than the minimum wage, the extent to which any such business will increase wages for employees earning less than the minimum wage, to what extent employers choose to reduce employee hours, and whether employers choose to reduce the size of their workforce. Due to the extent of unknown factors, a precise impact to commerce cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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